



State of New Jersey

DEPARTMENT OF THE TREASURY
OFFICE OF MANAGEMENT & BUDGET
P.O. BOX 221
TRENTON, NJ 08625-0221

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ROBERT A. ROMANO
Acting State Treasurer

DAVID RIDOLFINO
Acting Director

TO: Department Chief Fiscal Officers

FROM: David Ridolfino
Acting Director

DATE: July 7, 2015

SUBJECT: United States Office of Management and Budget Circular A-87
Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP)
for the Year Ending June 30, 2015, with Addendum to Cover Fringe
Benefit Rates for the Year Ending June 30, 2015

The 2015 Exhibit A of the enclosure reflects departmental allocations of central support service costs agreed to by the State of New Jersey and the United States Department of Health and Human Services (HHS).

The fringe benefit rate of 32.5 percent reflected in the addendum is for fiscal year 2015. This rate is to be applied to base salaries including vacation, holiday, and sick pay, but excluding overtime pay. The rate is applicable to members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Teachers' Alternate Benefit Plan (ABP), and employees who are not members of a pension plan but are covered for health benefits. A rate of 40.7 percent for the Police and Firemen's Retirement System (PFRS) has also been negotiated.

These rates are for use in computing actual direct charges as well as for estimating charges to federal and other non-state funded programs. In addition, the rate is to be used to develop fringe benefit costs for inclusion in indirect cost rate proposals.

The employer's share of FICA taxes is not included in these fringe benefit rates. This cost is to be provided for in billings, estimates and indirect cost rate proposals at the rate prescribed by the federal government applied to taxable wages. The rate for calendar year 2015 is 7.65 percent of the first \$111,900 paid to each employee and 1.45 percent for gross wages above \$111,900.

Schedule A-1 of the enclosure reflects the plant operation and maintenance costs that represent occupancy costs of State-owned buildings allocated to grantee agencies for the year 2015. These costs for inclusion in agency indirect rate proposals must be treated by the agency as either direct or indirect costs consistent with treatment in prior years of similar costs charged to federal programs.

The enclosed information is being furnished to become part of your indirect cost rate proposal to be submitted to your cognizant federal agency within six months after the close of each fiscal year. Departments and agencies are reminded that it is the State's policy and each agency's responsibility to maximize the recovery of indirect costs. In all cases where non-state funded programs permit the recovery of indirect costs, agencies shall prepare and negotiate indirect cost rate proposals as required. Agencies shall apply the approved indirect cost rate to the appropriate base and transmit all recoveries of indirect costs to the Department of the Treasury.

A copy of the original proposal, which covers the Statewide Cost Allocation for the fiscal year ending June 30, 2015 as submitted to HHS, will be accessible on the State's website via: <http://www.state.nj.us/treasury/omb/newsletters/index.shtml#grantinformationarchives>. If you require additional information related to this proposal, please contact James F. Kelly via e-mail at james.kelly@treas.state.nj.us or by telephone at 609-633-3910.

Copies of each agency's indirect cost rate proposal and resulting negotiation agreement are to be forwarded to the Director, Division of Budget and Accounting. Departments or agencies that fail to furnish this information will not be eligible to be allocated a portion of indirect costs recovered by them during the fiscal year ending June 30, 2015.

JFK/nm
Attachments

COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS

STATE/LOCALITY:

State of New Jersey
Department of the Treasury
Trenton, New Jersey 08625

DATE: June 26, 2015

FILING REF.: The preceding
Agreement was dated 03/27/14

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended June 30, 2015 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. Rent
2. Telephone
3. Insurance
4. Postage
5. Central Stores
6. Central Motor Pool
7. Information Technology
8. FICA*
9. Legal Services
10. Plant Operation and Maintenance
11. Capitol Complex Security
12. Division of Revenue Services

*Fringe benefit rates (exclusive of FICA) have been negotiated for the fiscal year ending June 30, 2015. See Addendum to the negotiation agreement.

Section III: CONDITIONS


The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under 2 CFR Part 225 (OMB Circular A-87). (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. BILLED COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by 2 CFR Part 225(OMB Circular A-87), will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in 2 CFR Part 225 (OMB Circular A-87), and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.
- F. SPECIAL REMARKS:

See Addendum

BY THE STATE/LOCALITY:

State of New Jersey
State/Locality


(Signature)

DAVID RIDOCFINO
(Name)

ACTING DIRECTOR
(Title)

7-7-15
(Date)

BY THE COGNIZANT AGENCY ON
BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH & HUMAN SERVICES
(AGENCY)

Darryl W. Mayes

-S

(Signature)

Digitally signed by Darryl W. Mayes -S
DN: c=US, o=U.S. Government, ou=HHS,
ou=PSC, ou=People,
0.9.2342.19200300.100.1.1=2000131669,
cn=Darryl W. Mayes-S
Date: 2015.06.30 15:40:35 -0400

Darryl W. Mayes
(Name)

Deputy Director, Div. of Cost Allocation
(Title)

June 26, 2015
(Date)

HHS Representative: Michael Stack

Telephone: 212-264-0944

ADDENDUM TO RATE AGREEMENT

June 26, 2015

Agreement Reference Date

INSTITUTION: State of New Jersey
Department of the Treasury

ADDRESS: Trenton, New Jersey 08625-0224

FRINGE BENEFIT RATE

<u>Type</u>	<u>From</u>	<u>TO</u>	<u>Rate*</u>	<u>Locations</u>	<u>Applicable To</u>
Fixed	7/1/14	6/30/15	32.5%	All	All Programs (1)
Fixed	7/1/14	6/30/15	40.7%	All	All Programs (2)

*Base: Direct salaries and wages excluding overtime and part-time workers. (See comments below - Notes 3 and 5)

Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs. (See comments below - Note 4)

Fringe benefit rates of 32.5% and 40.7% are approved on a fixed basis for the fiscal year ending June 30, 2015, and should be used by grantee agencies for the following purposes:

- (a) For budgeting purposes on grant award applications.
- (b) For billing purposes.
- (c) For inclusion in their indirect cost rate proposal and must be treated as either direct or indirect cost consistent with treatment accorded similar costs charged to the Federal Programs.

Note 1:

The fringe benefit rate of 32.5% is calculated based on all direct salaries and wages exclusive of the following group of employees:

- Judicial
- Prison Officers
- State Police
- Police and Firemen

Note 2:

The fringe benefit rate of 40.7% is calculated based only on the direct salaries and wages of Police and Firemen.

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ADDENDUM TO RATE AGREEMENT

June 26, 2015
Agreement Reference Date

INSTITUTION: State of New Jersey
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Note 3:

Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these absences are not made.

Note 4:

The following fringe benefits are included in the fringe benefit rates:

- Pension
- Health Benefits
- Unemployment Insurance
- Earned and Unused Sick Leave Payments
- Prescription Drug Program
- Dental Care Program
- Vision Care
- Temporary Disability Insurance
- Workers' Compensation

Note 5:

The fringe benefit rates are applied to salaries and wages of personnel that are included in the pension and/or health benefit plan.

In addition to the fringe benefits included in the fringe benefit rate, Social Security Taxes (FICA) are specifically identified to each employee and are charged individually as direct costs.

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2013-2015
Summary of Fixed Allocations for the year ending June 30, 2015

Name of Agency Receiving Central Support Services	Office of the State Auditor (OSA)	Office of Management & Budget (OMB)	Civil Service Commission (CSC) *	Division of Risk Management (RiskMgmt)	Office of Employee Relations (OER)	Division of Purchase & Property (DPP)	Totals
Legislative Branch (excluding Office of the State Auditor)	-	151,810	64,364	(4,346)	12,052	38,574	262,455
Office of the Chief Executive	-	10,671	21,547	-	3,793	-	36,010
Department of Agriculture	(669,573)	622,510	38,018	2,443	6,968	57,737	58,102
Department of Banking & Insurance	-	64,138	91,685	6,579	16,535	68,821	247,758
Department of Children & Families	697,255	1,522,861	1,125,859	73,092	210,377	808,322	4,437,767
Department of Community Affairs	1,082,614	373,932	133,290	14,650	26,720	61,964	1,693,170
Department of Corrections	(1,024,766)	694,962	1,489,076	21,823	280,307	1,948,311	3,409,713
Department of Education	2,602,651	669,356	154,814	9,559	27,758	196,022	3,660,161
Department of Environmental Protection	1,119,931	548,989	475,543	39,498	89,632	626,074	2,899,668
Department of Health & Senior Services	(186,954)	174,534	110,690	(17,164)	28,924	363,870	473,900
Department of Human Services	2,682,688	1,746,583	2,465,488	272,672	461,644	1,813,951	9,443,027
Department of Labor & Workforce Development (excluding Civil Service Commission)	960,543	1,064,980	509,767	(1,779)	95,173	295,442	2,924,126
Department of Law & Public Safety	23,868	1,035,033	1,234,664	122,566	239,203	2,006,789	4,662,123
Department of Military & Veterans Affairs	752,389	396,874	268,286	68,271	49,142	1,065,270	2,600,233
Department of State	(613,174)	(4,185)	6,738,074	1,844	263,009	(8,915)	6,376,652
Department of Transportation	330,430	(338,059)	915,717	88,571	170,085	2,053,801	3,220,545
Department of the Treasury (excluding Central Support Services)	(2,427)	3,610,411	792,915	30,384	145,332	626,728	5,203,343
Office of Information Technology	1,244,993	(5,664)	107,563	-	21,359	52,211	1,420,462
Other Departments and Agencies	40,294	2,262,810	77,330	(92)	23,225	217,258	2,620,825
Judicial Branch	894,727	1,741,237	1,557,117	121,638	288,071	1,780,924	6,383,714
Totals	9,935,490	16,343,783	18,371,810	850,209	2,459,309	14,073,153	62,033,754

NOTES:

* Formerly Department of Personnel

FRINGE BENEFIT COSTS AND RENTAL COSTS FOR BUILDINGS AND GROUNDS ARE NOT INCLUDED IN THIS ALLOCATION SCHEDULE.

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2013-2015
Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2015

Name of Agency Receiving Central Support Services	FY2015 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$ 7,838,263
Office of the Chief Executive	2,790,607
Department of Agriculture	2,125,037
Department of Banking & Insurance	2,111,610
Department of Children & Families	941,155
Department of Community Affairs	3,321,266
Department of Corrections	-
Department of Education	438,700
Department of Environmental Protection	6,359,956
Department of Health & Senior Services	4,147,854
Department of Human Services	2,368,310
Department of Labor & Workforce Development (excluding Civil Service Commission)	183,440
Department of Law & Public Safety	7,816,216
Department of Military & Veterans Affairs	-
Department of State	5,842,947
Department of Transportation	6,195,626
Department of the Treasury (excluding Central Support Services)	12,307,369
Office of Information Technology	777,570
Other Departments and Agencies	18,047,470
Judicial Branch	4,220,643
Totals	\$ 87,834,040

NOTES:

Physical Plant Operations and Maintenance costs for service, which represent occupancy costs of State-owned buildings allocated to grantee agencies for inclusion in their indirect cost rate proposals, must be treated by the agency as either direct or indirect costs consistent with the treatment of similar (rental) costs charged to federal government programs.